



STATE OF MICHIGAN

**Family  
Independence  
Agency**

## Memo

Suite 1112 Grand Tower Bldg.  
235 S. Grand Ave.  
P.O. Box 30037  
Lansing, MI 48909  
[www.michigan.gov/fia](http://www.michigan.gov/fia)

**Office of Internal Audit**

Tel: 517 373-8770  
Fax: 517 373-8771

To: John Sorbet, Director  
Budget Division

Date: November 20, 2003

From: Rita Barker, Director  
Office of Internal Audit

Subject: Review of Maintenance of Effort Fiscal Data  
Family Preservation and Family Support Services  
Period: 10/1/01 through 9/30/02 (FY 02)  
Assignment # 2003-285

The Office of Internal Audit reviewed the fiscal data used to calculate the State Fiscal Year 2002 Estimated Expenditures to meet the supplantation prohibition for the Family Preservation and Family Support Services Program.

Based on our review, we conclude that the allocations of gross expenditures used to calculate FY 2002 estimated expenditures to meet the supplantation prohibition for the Family Preservation and Family Support Services Program were correct except for Child Care Fund – In Home Care expenses which are discussed below. No adjustments have been made to the “Estimated Expenditures – Family Preservation and Family Support Services” report which is attached to this memo.

### Child Care Fund – In Home Services (CCF-IHS) Expenses

1. The Child Care Fund – In-Home Services (CCF-IHS) line item showed \$1,516,608 recorded as a TANF expense. During our review we determined that the amount that should have been charged to the Federal Government for this line item was \$1,200,124, a decrease of \$316,484. This would have resulted in a \$316,484 increase in State funds for this line item from \$242,890 to \$559,374.

This resulted from an error in the third quarter of FY 2002 when In-Home Care payments for TANF eligible families totaled \$632,968. The total \$632,968 was charged to the Federal Government rather than 50% of the figure (\$316,484) which should have been charged. Only 50% of TANF eligible In-Home Care expenditures should be submitted by the State to the Federal Government for reimbursement because the State only paid for 50% of these costs; the counties paid the other 50% of the costs.

WE RECOMMEND BAFM ensure that the appropriate corrective action is taken.

WE FURTHER RECOMMEND BAFM ensure that only the State portion of TANF eligible CCF-IHS expenses is charged to the Federal Government in the future.

2. For the CCF-IHS line item we selected Genesee County as a sample county from the “Child Care Fund (FIA Subaccount): Days Care and Expenditures for Foster Care” (CCF) report. The report indicated that Genesee County had \$355,906.95 of In-Home Care expenditures in FY 2002. We obtained the Genesee County FIA 206B reports (Monthly Reports on Child Care Fund). We added up the amounts reported throughout FY 2002 for In-Home Care expenditures and found that the Genesee County In-Home Care expenditures for FY2002 totaled \$342,954.00 which is \$12,952.95 less than the figure reported on the CCF report.

We found that the \$12,952.95 difference resulted from adjustments made in the months of March, June, and September 2002, which reduced the total amount of In-Home Care expenditures. However when determining total In-Home Care expenditures for the year, these adjustments were not included in the calculation. Since the amount concerned was a relatively minor amount, no changes to the “Estimated Expenditures – Family Preservation and Family Support Services” report was made.

WE RECOMMEND the Budget, Analysis and Financial Management Administration ensure that they accurately calculate expenditures when determining total In-Home Care expenditures.

Please contact me if you have any questions concerning this review.

Attachment

cc: D. Weatherspoon  
K. Fehrman  
J. Hoffman  
M. Scieszka  
L. Johnroe